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YUGOSLAV ENTERPRISES FOR JOINT ACTIVITIES  
IN EXPORT AND IMPORT

Until the reorganization that took place in 1950, the federal ministry of Foreign Trade was directly responsible for executing export and import plans, and had export and import enterprises under its administrative and operative management. Therefore, producers producing for export as well as those securing imported goods were not directly responsible for the fulfillment of export and import plans. Producers and foreign markets were not in direct contact with each other because the former sold their products to export enterprises, which in turn sold them to foreign firms, while import enterprises did the buying from foreign firms and resold the merchandise to domestic consumers.

After the reorganization, most foreign trade operations were turned over to the republic main administrations for export and import. The main function of the federal Ministry of Foreign Trade was limited to the regulation of commercial relations with foreign countries, establishing policy on foreign exchange credits, supervision of completion of plans relating to commodities and foreign exchange credits, and control and general supervision of foreign trade. The completion of foreign trade activities was transferred directly to producers.

However, it would have been against the interests of producers and of the economy for each producer to act independently in foreign markets, because such uncoordinated activity would have placed producers in a very unfavorable situation in regard to prices, credit, etc. It was therefore necessary to coordinate producers' foreign trade activities, so producers of one or more branches of the economy made agreements to establish organizations to handle their exports and imports. Thus, in August and September 1950, the following enterprises or agencies were established to handle the joint activities of export and import: "Centroprom" (Central Trade) and "Agroprodukt" (Agricultural Products) for the sale of agricultural food products, "Jugodrvno" (Yugoslav Wood) for export of wood, "Jugolek" (Yugoslav Medicines) for the sale of medicinal plants, "Hempro" (Chemical Trade) for the import and export of chemicals, "Tehnopromet" (Technical Trade) for import and export of metals, metal products, and other

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industrial materials, "Jugometal" for the export and import of ore and metals, "Centrotekstil" for the import and export of textiles and leather, "Jugoelektro" for the import and export of electrotechnical materials, "Jugauto" for the import and export of motor vehicles and parts, "Jugotehna" for the import and export of tools and other technical equipment, "Invest-Import" for the import of equipment, "Jugofolklor" for the sale of products of artisans and artists, and "Rudnap" Mining Import and Export Enterprise.

Some of these enterprises or agencies are authorized to do business in their own name and for their own account, but others can do business only in the name and for the account of associated producers. Certain enterprises for joint export and import do some business in their own name and for their own account, as well as business for other persons and other accounts.

The newly-established enterprises or agencies for joint export and import retain their former names because of their previous connections and reputations abroad.

Enterprises for joint export and import do not have individual quotas set by the plan. However, they have their materials plans which are made up of those parts of the materials plans of their members, which they have undertaken to execute. Consequently, there is a false impression that enterprises for joint export and import do not have the attributes of economic enterprises as determined by the law regulating economic enterprises.

The main function of enterprises for joint export and import is to explore foreign markets and do business, but whether they have any other functions and to what extent they perform such activities depends upon the members of the enterprises. Some of the members transfer to the enterprises their entire export and import plans, from the exploration of the foreign market to the delivery and invoicing of merchandise. Others delegate only the exploration of the market and the contracting, while they fulfill the terms of the contract themselves. In export transactions, enterprises for joint export have the main function of finding markets for merchandise, while the actual exporting is done by the producers. In import, enterprises for joint import explore the market, close deals, and complete the entire transaction. The further development of enterprises for joint import and export calls for them to limit themselves to the exploration of foreign markets and contracting for imports, while producers are to perform all other transactions.

Enterprises for joint export and import are administered by an administrative council consisting of one authorized delegate from each of the member enterprises. In cases where there are a large number of member enterprises, the administrative council elects an executive council of three to five members from its midst. "Jugometal" is an exception, as it has only two member enterprises; one is represented on the administrative council by 15 members, and the other by six members.

The jurisdiction of the administrative council is determined by agreements which are uniform for almost all enterprises, the jurisdiction of the executive council is determined by the rules on organization and activity in the enterprise concerned. The jurisdiction of the administrative council is analogous to a worker's council, whose scope has been extended to include certain specific functions, such as issuing regulations on the acceptance of new members, on contributions, on the termination of the work of the enterprise, etc.

Regular meetings of the administrative council are held every 3 months, and those of the executive council once a month. Decisions made at such meetings are binding if more than one half the membership is present, and if the majority vote is in favor. Such decisions are binding for all member enterprises.

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One of the most difficult problems in the administration of enterprises for joint export and import is the question of financing. At present, financing is being done in the same way as it was done in the case of the former export and import enterprises under the administrative and operative control of the federal Ministry of Foreign Trade. In the future, the plan calls for financing to come from contributions of member enterprises and from margins.

To cover its operating expenses (personnel and material), an enterprise for joint export and import presents its budget to its administrative council for approval. Member enterprises contribute out of their administrative and operational expense account, in proportion to the work accomplished for them by the enterprise for joint import and export.

An agreement to establish an enterprise for joint export and import is made for an indefinite period with the provision that any of the member enterprises may terminate its agreement on 1 April or 1 October, provided advance notice of 3 months is given.

To date, enterprises for joint export and import are showing the following deficiencies:

1. Some member enterprises are breaking their agreements by trading independently on foreign markets, thus by-passing their enterprises for joint export and import.
2. A considerable number of member enterprises have their own representatives abroad, which is not in the interest of the economy.
3. Cooperation among member enterprises is not always what it should be; selfish tendencies toward the pursuit of individual interests and the interests of a particular republic are showing themselves.
4. Sometimes administrative councils are not qualitatively equipped to handle the work for which they are responsible, so that they make the wrong decisions.
5. Some of the enterprises for joint export and import are basically weak in organization and personnel.

However, many of these deficiencies are being corrected and are becoming increasingly rare.

Enterprises for joint export and import have shown the following positive achievements. Producers are participating very actively in the work of their enterprises for joint export and import and are becoming acquainted with foreign trade problems; the possibilities and needs of foreign markets are becoming better understood; it is becoming easier to overcome the difficulties of distribution and buying; steps are being taken to improve the quality of production to meet the requirements of foreign markets, and considerable savings are being effected in the procuring of imports.

The following observations are a result of visits to a number of enterprises for joint export and import and talks with their directors and other responsible officials.

The "Centrotekstil" Enterprise is made up of associated producers of textiles and footwear for the export and import of textile raw materials, semifinished goods, finished goods, findings and trimmings, and raw and fine hides. The members of this enterprise are the General Directorate for Textiles, Leather, Footwear, and Hemp of Serbia, the General Directorate for the Provincial Industry of the Vojvodina, the General Directorate for Textiles and

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Leather of Croatia, the General Directorate for Textiles and Leather of Slovenia, the General Directorate for Textiles, Leather, and Footwear of Macedonia, and the General Directorate for Textiles, Hides, and Footwear of Bosnia - Herzegovina.

"Centrotekstil" is being administered by an administrative council consisting of one authorized delegate from each of the member enterprises. The delegates are general commercial directors of the directorates, except for the representative of the General Directorate for Textiles and Leather of Slovenia, who is a general engineer and serves as chairman of the administrative council. Subordinate to the chairman are two vice-chairmen. The administrative council meets monthly, but the director of the enterprise is in constant telephone contact with the chairman of the administrative council. This is obligatory to take place at least once a week, usually on Fridays. At each session, the administrative council sets the date of the next meeting in order to enable members to prepare for it on time. The minutes of the proceedings of each meeting are recorded and submitted to the federal Ministry of Foreign Trade.

To keep the administrative council informed on world market conditions, a market survey group in "Centrotekstil" prepares a trend analysis every 7-10 days, which it sends to member enterprises and members of the administrative council. The report contains the following:

1. A survey of the market situation in various countries according to individual items (cotton, wool, cotton yarn, hides, etc).
2. Special information on the production and consumption of individual raw materials, crop predictions, reserve stocks, offers, sales, prices, export quotas of various countries (such as the quotas set by the US Department of Agriculture), domestic requirements in the producer's country, quantities available for export, contracts made by "Centrotekstil" (giving quantities and firms), offers received from various foreign producers, phone calls to Yugoslav commercial representatives abroad, etc.
3. Information about export prohibitions, export financing, port charges, fees for loading and unloading, and the shipping situation abroad (rates, available tonnage, ships, etc).
4. Statistical information covering 1946 - 1950, such as the number of spindles in the world, foreign consumption of cotton, yarn, and wools; export and domestic consumption of yarn and cotton, etc.
5. Information on the more important raw materials and their economic significance, cultivation, harvesting, preparation for export (sorting, inspecting, packing, etc.).

The administrative council also receives, every 10 days, a survey bulletin which contains statistical information on individual items in the semiannual import plan, contracts signed during the preceding 10 days and the total number signed during the preceding 6 months, payments made during the preceding 10 days and total payments made during the preceding 6 months, and imports during the preceding 10 days and total imports for the preceding 6 months, including merchandise in transit.

"Centrotekstil" is achieving tangible results. Many problems are being solved successfully, thanks to the attitude of member enterprises toward decisions of the administrative council. Despite regulations which state that a decision is binding for all members if the majority of the members of the administrative council vote in favor of it, in practice decisions are not usually made without unanimous vote in favor of them, especially where they concern operational activities. Should some members disagree regarding

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a proposed measure, no decision is made until a common base is found which is agreeable to all members of the administrative council. This is possible because members of the administrative council are not influenced primarily by the interests of the producers whom they represent, but rather by their common and general interests. However, when some essential organizational question is concerned, such as the question of financing the enterprise from contributions or out of profits, decisions are binding for even the minority who may not be in agreement.

The "Centrotekstil" Enterprise encounters certain questions and problems which are difficult to solve, such as the question of financing. Although financing by means of contributions may not be the best system, it is thought preferable to financing from profits, as producers thus feel that this is their own enterprise. However, the problem is posed as to the fund from which an enterprise may law to pay its contribution for the present structure and regulations governing administrative and sales expenses of production enterprises does not provide for payment of contributions from administrative or sales expense funds.

Securing continuity in the work of members of the administrative council is also a problem. It frequently happens that sessions of the administrative council are not consistently attended by the same representative from member enterprises. Sometimes representatives are sent who do not have enough authority or are inadequately acquainted with the work to be done. A substitute should be sent only if there is no possibility that the regular representative can attend, and should be a responsible and well-instructed person who is able to make decisions on any question.

The "Jugometal" Enterprise is an enterprise of associated ore and metal producers for joint export and import. It is administered by an administrative council of representatives from all mining enterprises, and by an executive council composed of the main directors of the former General Directorate for Metallurgy and the General Directorate for Ferrous Metallurgy for Yugoslavia.

This enterprise has not had cooperation from its member enterprises. The executive board has met once a month, but has not been made up of representatives who were also members of the administrative council. The latter had met only once up to May 1951.

Since "Jugometal" buys products from mining enterprises and sells them abroad as its own products, mining enterprises are neither directly nor sufficiently interested in export nor in the proper functioning of the joint enterprise of which they are members.

Prices at which mining enterprises sell their products to "Jugometal" are excessively low. As they are below production cost and are fixed, they make it impossible for mining enterprises to benefit from higher prices that may be obtained for their products abroad. Especially deterrent to incentive is the Fund for Uniform Prices, into which all profits are paid and from which all losses are paid.

The administrative council of "Jugometal" has not shown enough activity or interest in its work. Members of the executive council, which consists of the general directors of the directorates of copper, zinc, etc., with the rank of vice-ministers, are so preoccupied with work in their directorates that they do not have enough time to administer "Jugometal." The executive council would function a great deal better if its membership consisted of representatives from each of the big production enterprises.

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Difficulties also exist because certain financial problems have not been solved, such as the problem of credit. Financial regulations make it impossible for an enterprise that does not operate under a plan to obtain credit from the People's Bank. Furthermore, the enterprise can dispose of the funds of individual accounts /of its member enterprises/ only by securing advance approval from state agencies.

The most important condition necessary for the proper functioning of "Jugometal" is that exports be organized on the principle that they are for the benefit of producers and not for the benefit of the enterprise, as is the case now.

With the reorganization of the General Directorate of Ferrous Metallurgy of Yugoslavia, the directors of the republic directorates, who are mainly commercial directors, became members of the administrative council, resulting in much more efficient functioning of the council at this time.

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